

For Immediate Release
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Local Sales Tax Allocations Reduced in Many Areas of the State

Approximately 100 Jurisdictions Receive Negative Adjustments

The California State Board of Equalization announced today that August sales tax allocations to local government entities will not reflect the 5.7 percent increase previously estimated by the Department of Finance. The allocations to 99 local jurisdictions will be reduced by an additional 5.4 percent. Twenty one jurisdictions will receive no warrants.

A review of statewide cash receipts for all of the second quarter of 2010 disclosed an overall decline in sales and use tax collections of approximately 10.4 percent. Additionally, cash receipts for the first quarter of 2010 remained flat compared to a year earlier.

The BOE takes this action to avoid over-advancing sales and use tax dollars to a point that would impact future payments to local jurisdictions.

Of the 21 jurisdictions receiving no warrant in August, nine were due to the economic downturn, while 12 were due to other, unrelated issues.

BOE makes monthly allocations to 764 local jurisdictions based on a formula that includes historical allocations, growth factor adjustments to the base, transfers and audits and actual cash receipts. Beginning in the fourth quarter of 2008, the BOE reduced advance payments to local taxing jurisdictions beyond adjustments based on the negative growth factors projected at the time by Department of Finance due to an unprecedented drop in taxable sales.

The five-member California State Board of Equalization is a publicly elected tax board. The BOE collects more than \$48 billion annually in taxes and fees supporting state and local government services. It hears business tax appeals, acts as the appellate body for franchise and personal income tax appeals, and serves a significant role in the assessment and administration of property taxes. For more information on other taxes and fees in California, visit www.taxes.ca.gov.

Schedule of August 2010 Payments: www.boe.ca.gov/news/pdf/2Q10_3rd_Advances.xls

Sample Letter for jurisdictions receiving reductions: www.boe.ca.gov/news/pdf/2Q10_Neg_Adjustment_letter.pdf

Sample Letter for jurisdictions receiving no warrant: www.boe.ca.gov/news/pdf/2Q10_No_Warrant_Letters.pdf

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